



St Helens and Knowsley
Teaching Hospitals
NHS Trust

fleet[®]

home electronics

Policy document

Introduction

Home Electronic Solutions is a salary sacrifice scheme delivered in partnership with Currys PC World and provides access to over 5,000 products, including the latest desktop computers, laptops, tablets, televisions, smart technology and domestic appliances.

This booklet outlines the terms and conditions which you will need to agree to in order to join the scheme.

Where the words:

- "The Trust", "we", "us" and "our" are used, they refer to St Helens and Knowsley Teaching Hospitals (your employer).
- "You" and "your" are used, they refer to you (the participant in the scheme and named in the Variation of Contract).

Once your order has been approved, you will be sent a collection card. This can be supplied electronically by email, or by post. Either format can be redeemed online or in store.

How it works

Register your account on the website www.homeelectronicsolutions.co.uk

You will need the VPD code (096) for your organisation and your salary details, we recommend you have a payslip to hand

After you have completed the registration, we will send you a password (by email) to sign into your new account

We recommend you change your password to something memorable once logged in

Once you have logged in to the Home Electronic Solutions website you can browse the products that are available through the scheme

After you have selected the product(s) you would like, you can proceed to the basket for a quotation

You will then have the option to choose the agreement length of your salary sacrifice and we will provide you with a quotation

When you have accepted your quotation, we will send you the documentation to complete for your agreement

You can approve and accept your agreement online

Once the agreement has been accepted it will be sent to us for approval

When this is approved your collection card will be dispatched within 24 hours

When your collection card arrives, it will be ready to use straight away

You will be able to use your Collection Card/eCollection Card in any Currys or PC World store nationwide or online at currys.co.uk or pcworld.co.uk

Your salary sacrifice agreement will begin the month after your order has been approved by us and will run for the term you have chosen

At the end of your agreement you will revert to your original terms and conditions and your Higher Notional Salary

Eligibility

In order to participate in the scheme you must be:

- 12 or 24 month contracts.
- The total value of the products must not exceed 10% of gross salary.
- Suitable to enter into a salary sacrifice arrangement
- Earning more than the National Minimum/Living Wage following ALL salary sacrifices

Salary sacrifice

A salary sacrifice arrangement is an arrangement whereby an employee agrees to a change in their terms & conditions of employment, so that the employee receives a reduced Basic Salary ("Revised Basic Salary"). The employer may then provide a benefit to the employee; in this case new electronic products.

You can choose to participate in the arrangements and in no way are the arrangements compulsory.

Taxation

Although salary sacrifice arrangements may reduce Income Tax, pension and National Insurance (NIC) charges, the provision of electronic products are taxable benefits. From the 6th April 2017, HMRC announced that they would limit the tax advantages that employees could make through certain salary sacrifice arrangements. You will therefore be liable to a tax charge on the Benefit-in-Kind, or salary forgone, whichever is higher. The amount of tax liability will be shown in your quotation, details of how the tax will be collected through payroll are available in the 'How the Salary Reductions and Benefit-in-Kind tax work' section of this document.

Note that following the HMRC changes, although tax savings may no longer be achieved, savings in pension and NIC will remain.

IMPORTANT

Any future changes in tax, pension and NIC rules may result in a change in the savings you receive, either upwards or downwards. Such changes are outside of the control of Home Electronic Solutions and/or the Trust.

Ownership

The equipment is automatically transferred to you on day one (the day the contract is approved by your employer). You own the equipment from this point onwards and retain ownership of the equipment once the salary sacrifice agreement has ceased.

How the Salary Reductions and Benefit-in-Kind tax work

Your salary sacrifice will commence the month following your order being approved by the Trust and will be taken from your salary in equal amounts (either 12 or 24 months), for example if you place an order in May your salary sacrifice will begin in June.

The tax payable on your Benefit-in-Kind will be collected in the tax year in which the product is provided to you and spread over the remaining months in that tax year (the tax year runs from April until the following March). Therefore if your order is approved in May, your Benefit-in-Kind tax will be spread over ten months (June-March) however if your order is approved in December it will be spread over three months (January to March).

For example, if you receive a product where the gross salary sacrifice is £1,000 and you are a basic rate tax payer, your total Benefit-in-Kind tax will be £200. If your order is approved in May 2022, your monthly Benefit-in-Kind tax will be spread over ten months (June 2022 – March 23) at £20 per month. If the same order was approved in December 2022 your Benefit-in-Kind tax would still be £200, however this would be collected over the period January 23 – March 23 at £66.67 per month.

Example:

If you ordered a television priced at £500 in May 2022 on a 12 month agreement, the effect on your salary would be:

	Jun 2022 - Mar 2023	Apr 2023 - May 2023
Gross salary sacrifice	£45.09	£45.09
Tax savings	-£8.38	-£8.38
Pension savings	-£3.20	-£3.20
NI savings	-£5.41	-£5.41
Net Impact on monthly salary	£28.10	£28.10
BIK tax	£10.82	£0.00
Total Net effect on monthly salary	£38.92	£28.10

Total effect on salary £445.40 (£38.92 x 10 plus £28.10 x 2), a saving of £54.60 against RRP.

If you placed the same order in December 2022 the effect on your salary would be:

	Jan 2023 - Mar 2023	Apr 2023 - Dec 2023
Gross salary sacrifice	£45.09	£45.09
Tax savings	-£8.38	-£8.38
Pension savings	-£3.20	-£3.20
NI savings	-£5.41	-£5.41
Net Impact on monthly salary	£28.10	£28.10
BIK tax	£36.08	£0.00
Total Net effect on monthly salary	£64.18	£28.10

Total effect on salary £445.44 (£64.18 x 3 plus £28.10 x 9), a saving of £54.56 against RRP.

Please note the above examples are for a basic rate tax payer, if you are a higher rate tax payer, please see the examples on the next page.

Example 2:

If you ordered a television priced at £500 in May 2022 on a 12 month agreement, the effect on your salary would be:

	Jun 2022 - Mar 2023	Apr 2023 - May 2023
Gross salary sacrifice	£42.78	£42.78
Tax savings	-£14.97	-£14.97
Pension savings	-£5.35	-£5.35
NI savings	-£0.86	-£0.86
Net Impact on monthly salary	£21.60	£21.60
BIK tax	£20.53	£0.00
Total Net effect on monthly salary	£42.13	£21.60

Total effect on salary £464.50 (£42.13 x 10 plus £21.60 x 2), a saving of £35.50 against RRP.

If you placed the same order in December 2022 the effect on your salary would be:

	Jan 2022 - Mar 2023	Apr 2023- Dec 2023
Gross salary sacrifice	£42.78	£42.78
Tax savings	-£14.97	-£14.97
Pension savings	-£5.35	-£5.35
NI savings	-£0.86	-£0.86
Net Impact on monthly salary	£21.60	£21.60
BIK tax	£68.45	£0.00
Total Net effect on monthly salary	£90.05	£21.60

Total effect on salary £464.55 (£90.05 x 3 plus £21.60 x 9), a saving of £35.45 against RRP.

National Minimum/Living Wage

The salary sacrifice cannot result in your Revised Basic Salary being below the prescribed National Minimum/Living Wage rates (i.e. so that the Revised Basic Salary would equate to less than the hourly legal minimum rate). For this reason, participation in the arrangements may be restricted to those employees earning at a rate that is higher than the current National Minimum/Living Wage rates which will anticipate any potential increases in the rates during the period of the salary sacrifice agreement.

Reducing your salary

Employees accepting this proposal may pay a reduced amount of NIC each month. However, a number of state benefits are dependent on paying a minimum level of NIC, for instance Statutory Sick Pay and Job Seekers Allowance. You should consider the impact on such future contributory-based benefits if the salary sacrifice means that your Revised Basic Salary falls below the starting level for paying NIC. For further information on the current starting level for NIC please contact the Payroll department.

You should be aware that agreeing a Revised Basic Salary may affect other company and state benefits such as Statutory Maternity Pay ("SMP"), sick pay and their level of entitlement in the event of death.

Agreeing a Revised Basic Salary might also affect more general financial matters such as mortgage applications. However, the majority of high street lenders take into account the arrangements outlined when making mortgage decisions, especially since many of the banking institutions already have similar salary sacrifice arrangements in place for their own employees.

Any other payments (i.e. over and above basic salary) such as shift allowances, overtime payments and redundancy entitlements will continue to be calculated based on the Higher Notional Pay (i.e. the rate before the Revised Basic Salary was agreed). Any annual salary increments may be stated both in terms of the Higher Notional Pay and Revised Basic Salary.

It is important to note that percentage salary increases will be made by reference to the Higher Notional Pay.

Tax credits

From April 2003 the Government introduced Working Tax Credit (“WTC”) and Child Tax Credits (“CTC”) and in 2013 Universal Credits (“UC”).

It should be noted that quotations do not take into account the impact on WTC, CTC or UC which may mean that it may not be appropriate for some employees to participate in the scheme. WTC and UC are means tested and WTC effects the amount of CTC an employee may receive.

These credits consider the earnings and savings of both the employee and their spouse/partner. If participating in these arrangements were to alter the amount of credits an employee could claim, any loss of credits may be greater than the tax and NIC savings that may be generated. In principle a Benefit-in-Kind is considered earnings for the purposes of these credits.

Consequently each employee’s situation is different and it is necessary to take the spouse/partner’s salary and savings into account in order to estimate the most realistic impact of participating in the Scheme. If you qualify for state benefits such as the Disabled Persons Tax Credit (DPTC) you may qualify for a higher level of credit.

Note that following the 6th April 2017 HMRC changes (see Taxation paragraph on page 2), benefits provided under salary sacrifice arrangements are included in the calculation of income for Tax Credits. As such, reducing your salary through salary sacrifice may have little or no impact on your Tax Credit entitlement when the value of the taxable benefit is subsequently added back for the purpose of the income calculation.

If you are currently claiming WTC, CTC or UC you should consider very carefully the likely impact on your net disposable income before committing to any salary sacrifice.

Pension implications

The fact that your contractual pay is being varied to a reduced level means that your level of pension contribution will be reduced (i.e. the level of your pension contribution will be based on the Revised Basic Salary). Your take home pay will be different as a result.

With regard to the NHS Pension Scheme, whether or not there will be an impact depends on what scheme you are a member of (i.e. whether you are a member of the 2015 Scheme, or the 1995/2008 Scheme), and in respect of any accrued benefits in the 1995/2008 Scheme, whether the salary sacrifice runs into the period used to calculate your pension entitlement.

1995/2008 Scheme

If you are entitled to Full Protection in relation to the 1995/2008 Scheme (i.e. as at 1st April 2012 you were already over your Normal Pension Age (NPA) or ten years or less from your NPA and in active membership on both 1st April 2012 and 31st March 2015), then there will be no impact unless the salary sacrifice runs into the period used to calculate your pension entitlement.

This is because your entire pension entitlement will be determined by the income received in either:

- One of the last three years (usually the last year) prior to retirement – if you joined the NHS Pension Scheme prior to 1st April 2008; or
- An average of the best three consecutive years in the last ten years (usual the last three years) prior to retirement – if you joined on or after 1st April 2008.

Accordingly, any salary sacrifice that is in place during the period that is used to determine ongoing pension entitlement, will have an impact on the pension received.

If you are entitled to Tapered Protection in relation to the 1995/2008 Scheme (i.e. as at 1st April 2012 you were more than ten years, but less than 13 years and 5 months from your Normal Pension Age and in active membership on both 1st April 2012 and 31st March 2015), your pension entitlement in the 1995/2008 Scheme will also be determined in the manner indicated above.

When you transitioned to the 2015 Scheme, you will retain a final pay link for the purpose of your 1995 or 2008 benefits accrued to the point of transition.

Benefits you accrue in the 2015 Scheme will be impacted by a salary sacrifice.

If you are not entitled to Full Protection or Tapered Protection, your pension entitlement in the 1995/2008 Scheme as at 31st March 2015 will be determined in the manner previously indicated i.e. you retain a final pay link for the purpose of those accrued benefits.

Please note that where an employee leaves the NHS Pension Scheme and freezes their pension entitlement in the 1995/2008 Scheme, the value of the frozen pension may be affected if an employee participates in a salary sacrifice immediately prior to leaving the NHS Pension Scheme.

A salary sacrifice may also impact on the ongoing pension entitlement in the 1995/2008 Scheme where a staff member becomes seriously ill and is required to take medical retirement or dies in service. In such circumstances, the pension entitlement is determined by the income level in the preceding 12 months and therefore may be impacted if a salary sacrifice is in place.

2015 Scheme

For all employees in the 2015 Scheme, given future service benefits will accrue on a Career Average Revalued Earnings basis, your pension in the 2015 Scheme will be based on your pensionable pay for each year you are in this scheme.

This means that the pension you earn each year is based on pensionable pay in that year and is increased by a set revaluation rate, linked to inflation, for each year up to retirement or leaving. The final pension is then calculated by adding together the pension earned in each year of NHS Pension Scheme membership in the 2015 Scheme, so it will not be limited to the period immediately before you retire or leave as is the case under the 1995/2008 Scheme.

This basis of calculation for final pension entitlement in the 2015 Scheme means that any salary sacrifice that exists during membership of this scheme will have the effect of lowering your pensionable earnings each year and therefore affect your final pension entitlement in the 2015 Scheme.

It is therefore recommended that you obtain advice to understand the impact that any salary sacrifice will have on your specific pension entitlement before entering into a salary sacrifice arrangement. This advice can be sought from NHS Pensions on 0300 330 1346.

IMPORTANT

You will need to make your own individual enquiries to identify any risks this may present you personally in the future.

Long term sickness, maternity leave, redundancy or resignation

The Trust recognises that employees who are unable to work because of illness or incapacity, or who take maternity leave during the salary sacrifice, may have concerns. In these circumstances any employee who is absent from work for a period exceeding six months, will remain on their varied terms and conditions of employment throughout their period of absence and they will retain the electronic products.

If your period of absence is related to a “lifestyle event”, on your return to work the salary sacrifice arrangements may continue for an extended period that will include the duration of your period of absence. For example, if the salary sacrifice arrangements were entered into for a 12 month period and you entered a period of absence for a year after the first seven months had elapsed, on your return to work the salary sacrifice will be reinstated for a five month period. Under no circumstances will the cumulative periods of salary sacrifice extend beyond the period provided for by the Agreement.

If you are expecting a baby and are considering entering into a salary sacrifice for electronic product(s) through the Home Electronic Solutions scheme, you must be aware that your SMP and Occupational Maternity Pay (“OMP”) (where payable) could be affected.

SMP and OMP are calculated on the amount of average weekly earnings during the eight week period preceding the 15th week prior to the expected date of childbirth. A salary sacrifice will reduce the amount of salary that is liable to NIC.

Therefore any salary sacrifice entered into during this eight week period will reduce entitlement to SMP and OMP (where payable). If you are pregnant and expect to have a period of maternity leave you should think carefully as to whether you should join the scheme during this period (please contact the payroll department for further details).

If you are receiving SMP and maternity pay at present you should contact your Personnel Officer to find out whether you are receiving sufficient income to enter into a salary sacrifice and take part in the Home Electronic Solutions scheme after taking into account your other financial commitments which are deducted at source whilst on maternity leave.

Leaving the Trust

Your Home Electronic Solutions salary sacrifice agreement cannot be transferred between employers, even if your new employer is part of the Home Electronic Solutions scheme. If you choose to leave the Trust during the agreement an early termination charge will apply.

Early termination

If for any reason the salary sacrifice is terminated before the Expiry Date – i.e. your employment with the Trust ends, you will be liable for an early termination fee.

The fee will be based on the value of the product(s) and the number of months remaining up to a maximum of the RRP of the product(s). This amount will be deducted in a one off payment from your net salary (should there be insufficient funds available in your final salary, the Trust reserves the right to recover the outstanding balance from more than one pay period). As a condition of the agreement, you give the Trust permission to make such deductions from your net salary.

Where the Trust has been unable to recover the outstanding balance from your salary, you agree to pay the outstanding amount by either cheque or credit/debit card.

It is important that you are aware that the Trust will pursue any monies owed through its debt collection agency and ultimately through the courts.

Return of the product(s) will not discharge the early termination fee.

Where the salary sacrifice is terminated early you will return to your original terms and conditions of employment and your Higher Notional Salary, unless of course you have left the Trust.

The Trust will consider paying any early termination costs if you retire on ill health grounds. You are liable to pay the early termination costs in all other circumstances, including redundancy, if you terminate the Scheme early.

Commencement date

The salary sacrifice will be effective from the beginning of the month following the approval of the agreement by us. For example if the agreement is approved in October the commencement date of the salary sacrifice will be 1st November and the sacrifice will be reflected in your November payslip.

Delivery

The collection card can be delivered to an address of your choice, delivery will take approximately five working days from your order being approved by the Trust. Alternatively you can request an eCollection card which will be emailed to your registered email account within 24 hours of your order being approved by the Trust.

If the collection card does not arrive or is for the incorrect product, please inform Home Electronic Solutions; using the contact details at the end of this document.

Collection Card

You can use the collection card at any Currys PC World store or online at either the Currys or PC World website. Once the collection card has been dispatched to you, the order cannot be cancelled unless expressly agreed with the Trust.

If the Trust agree to the cancellation of your order, you will return to your original terms and conditions of employment and your Higher Notional Salary.

Warranty

All product(s) provided under the scheme have the benefit of the manufacturer's warranty. Extended warranty or repairs beyond the standard manufacturer's period are your responsibility.

If there are any concerns or issues with the products after redeeming the collection card, then you should return the product to a Currys PC World store who will deal with the matter in accordance with their returns policy.

Returns

If your product develops a fault within 21 days Currys PC World will always offer you an exchange provided you have your receipt.

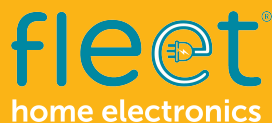
Most products come with at least a one year guarantee, so if your product develops a fault during the guarantee period Currys PC World will help you to get a prompt resolution. Please note that this will vary by product type.

If Currys PC World refers you to the product manufacturer or repair agent for service or repair, this is because they are their agents for the products and have been chosen because they are best placed to help customers with product queries.

Home Electronic Solutions and/or the Trust will not be responsible for any warranty issues.

Insurance

It is your responsibility to safeguard the product(s) and you may wish to insure your product(s) against fire, theft and accidental damage.



**If you have any queries relating the scheme
please contact Home Electronic Solutions:**

0344 811 9229

enquiry@homeelectronicsolutions.co.uk

www.myhes.co.uk